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FROM U.S. Naval Attache, Tehran	SOURCE Various		EVALUATION A-1	REQUEST NO.

SUBJECT
IRAN/IRAQ: Shatt-al-arab Situation

BRIEF (FOR REPORTS OF MORE THAN ONE PAGE, ENTER CAREFUL SUMMARY)

Iran desires to negotiate with Iraq regarding the Shatt-al-arab with the ultimate goal being to acquire equal rights on the Shatt. Iraq has refused to negotiate.

1. Sometimes the Shatt-al-arab situation seems ~~KASSEM~~ confusing. This summary is submitted as an attempt at clarification.

2. Situation prior ~~KASSEM~~ Coup - Under a 1937 treaty Iraq controlled the Shatt to the Iranian bank except at Abadan and Khorramshahr at which locations thalweg was observed thus placing the Abadan and Khorramshahr jetties in Iranian waters. (Iranians state that this treaty, unfavorable to Iran, was forced on Iran by the British who then controlled Iraq and who then could inflict their will on Iran. Believing the British to have been the basic cause of Iran's present troubles on the Shatt, Iranians now tend to act to the contrary when the British advise restraint. Iranians contend that the British are siding with Iraq in this dispute thus to ingratiate themselves with KASSEM so that the British oil concession in Iraq can be continued under favorable conditions. Iranian sources on Shatt information are reluctant to pass information to anyone known to be in contact with British officials. If one suggests that the 1937 treaty was preceded by an earlier similar treaty with the Ottoman Empire Iranians retort that the British were then sponsoring the "sick man of Europe". Iranians state that ~~KASSEM~~ KASSEM, while condemning imperialism, continues a classic example of imperialism in the case of the 1937 treaty). Under the 1937 treaty Iraq, acting through the Basra Port Authority, furnished Shatt pilots, collected the pilot fees, and in return kept the Shatt dredged. With Iran and the FAISAL government of Iraq on friendly terms, Iran accepted this arrangement with no strenuous objections.

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3. Situation after KASSEM Coup and prior to Khosrowabad matter - After KASSEM took over in Iraq, the Iranians at first apparently wanted only a reassurance that Iran's rights under the 1937 treaty would continue. ~~KASSEM~~ KASSEM apparently did not care to discuss the Shatt, perhaps suspecting that Iran wanted rights in excess of those granted by the 1937 treaty. The longer KASSEM stalled the more insecure the Iranians apparently became and the idea of seeking treaty revisal, as originally suspected by KASSEM, began to grow. The arrival of Soviet military aid in Iraq added to the feelings of insecurity felt by the anti-Communist Iranians. The arrival of Soviets as advisors to the Basra Port Authority was particularly galling in regards the Shatt question (A similar case would be for a conservative Canadian government controlling the ~~XX~~ St. Lawrence Waterway to change into an enigmatical government accepting Soviet military aid and hiring Soviet advisors for the Waterway authority). Nevertheless, a status quo appeared grudgingly acceptable to the Iranians up until the time of the Khosrowabad problem.

4. Khosrowabad - The Iran Pan American Oil Company, a company licensed in Iran wanted to use Khosrowabad, a former British oil supply base on the Iranian side of the Shatt, as a supply base for offshore drilling operations in the Persian Gulf. Iraq refused permission on spurious technical grounds. This refusal was interpreted by certain influential officials in the Iranian government as unfair Iraqi interferences in a legitimate maritime enterprise. Iran has allowed the company to use Khosrowabad and has provided naval escort for all company ship movements in open ~~ix~~ defiance of various Iraqi threats to interfere with these movements. There has been a growing program to somehow force Iraq into negotiations leading to equal rights for Iran on the Shatt. "Equal rights" apparently involves thalweg, joint administration, and equal distribution of pilotage income. Blacklisting was one maneuver to force negotiations.

5. The Blacklisting Fiasco - Certain Iranian officials thought that the major maritime powers would urge Iraq to negotiate in regards the Shatt if these powers became sufficiently concerned about the Shatt situation. Iran sought to stimulate their concern by a blacklisting technique. Iran devised a scheme which they knew would be unacceptable to the Iraqi Shatt pilots; i.e. demanding that Iran bound ships under Iraqi pilotage fly the Iranian instead of the Iraqi flag. This office was informed by knowledgeable Iranian sources that Iran could not afford to enforce the blacklistings and that the blacklistings scheme would fall through in a short time. This office reported in that tenor and the blacklisting scheme actually was abandoned. The next step was a press campaign.

6. The War of Words - The Khosrowabad and blacklisting affairs were not carried in the Iranian press. Several weeks after the blacklisting scheme had failed, Iranian demands for "just" rights on the Shatt suddenly began to be carried in the Iranian press. This press campaign was intended to sell Iran's case to the U.S. and other western nations. KASSEM rose to the bait with some critical remarks which were seized upon by Iran as an occasion to send troops to the Abadan area to "protect Iran from Iraqi attacks".

7. The Iranian troop movement - The Iranian troop movement to the Abadan area was that of an unbalanced, token force. Its presence there is calculated to frighten the major western powers with the possibility of an Iranian/Iraqi conflict. Apparently the reasoning is that if the western powers are sufficiently frightened over the possibility of conflict these powers will urge Iraq to negotiate with Iran in regards the Shatt.

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